

AMENDED IN SENATE JULY 3, 2013

AMENDED IN SENATE APRIL 8, 2013

SENATE BILL

No. 370

Introduced by Senator Lieu

February 20, 2013

An act to add Sections 17053.89, 17053.90, 23680, and 23681 to the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 370, as amended, Lieu. Income tax: credits: qualified commercial production.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.

This bill would, for each taxable year beginning on or after January 1, 2013, allow credits under both laws in an amount equal to 15% of a specified amount paid or incurred by a qualified taxpayer, as defined, for the production of a qualified commercial, as defined, inside or outside of the studio zone, not to exceed \$13,000,000 annually for credits for qualified commercials produced within a studio zone and not to exceed \$2,000,000 annually for credits for qualified commercials produced outside of a studio zone in California, as specified. This bill would give the qualified taxpayer the option to carry over the credit or receive a refund, as specified. This bill would make a continuous appropriation from the General Fund to the Franchise Tax Board in the amount allowed for refunds for the purpose of making those refunds.

This bill would provide that specified information provided to the California Film Commission shall constitute confidential taxpayer information, and would impose specified criminal penalties on the

disclosure of that information. By expanding the crime of knowingly and wrongfully accessing, using, or disclosing specified information, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17053.89 is added to the Revenue and
2 Taxation Code, to read:
3 17053.89. (a) For taxable years beginning on or after January
4 1, 2013, there shall be allowed to a qualified taxpayer a credit
5 against the “net tax,” as defined in Section 17039, an amount equal
6 to 15 percent, except as otherwise provided, of the qualified
7 expenditures credit base for the production of a qualified
8 commercial within the studio zone.
9 (b) For purposes of this section:
10 (1) (A) “Employee fringe benefits” means the amount allowable
11 as a deduction under this part to the qualified taxpayer involved
12 in the production of the qualified commercial, exclusive of any
13 amounts contributed by employees, for any year during the
14 production period with respect to any of the following:
15 (i) Qualified taxpayer contributions under any pension,
16 profit-sharing, annuity, or similar plan.
17 (ii) Qualified taxpayer-provided coverage under any accident
18 or health plan for employees.
19 (iii) The qualified taxpayer’s cost of life or disability insurance
20 provided to employees.
21 (B) Any amount treated as wages under clause (i) of
22 subparagraph (A) of paragraph (7) shall not be taken into account
23 under this paragraph.
24 (C) For the purposes of this paragraph, “employee” means a
25 qualified individual.

1 (2) (A) “Qualified commercial” means a commercial or
2 advertisement composed of moving images and sounds that is
3 recorded on film, videotape, or other digital medium, created for
4 display on a network, regional channel, cable, or interactive media,
5 including, but not limited to, the Internet, mobile devices, in-game
6 advertising, and experiential advertising where at least 75 percent
7 of the total-qualified expenditures occur wholly within the studio
8 zone. For purposes of this paragraph, mobile devices include
9 ~~cellphones~~, *cellular telephones*, smartphones, personal digital
10 assistants, and other portable devices with a screen.

11 (B) “Qualified commercial” shall not include any
12 program-length production with an advertising component in
13 excess of five minutes, including an infomercial, news, or current
14 affairs program, interview or talk program, network promotion
15 (short-form content intended to promote other programming),
16 feature film promotion (trailers and teasers), sporting event, game
17 show, award ceremony, daytime drama, reality entertainment
18 program, program intended primarily for industrial, corporate, or
19 institutional end users, public service announcements, fundraising
20 commercial or commercial promoting a political candidate or
21 political issue, a program consisting of more than one-half of the
22 screen time of stock footage, a program produced by an
23 organization described in Section 527 of the Internal Revenue
24 Code, or any production ~~that falls within to which~~ the
25 recordkeeping requirements of Section 2257 of Title 18 of the
26 United States Code *apply*.

27 (3) “Qualified expenditures” means the amount paid or incurred
28 during the taxable year to purchase or lease tangible personal
29 property within the studio zone in the production of a qualified
30 commercial, and to pay for ~~services, including qualified wages,~~
31 *services* performed within the studio zone in the production of a
32 qualified commercial.

33 (4) “Qualified expenditures credit base” means the amount over
34 five hundred thousand dollars (\$500,000) paid or incurred during
35 the taxable year within the studio zone in qualified expenditures.

36 (5) (A) “Qualified individual” means an individual who
37 performs services during the production period in an activity related
38 to the production of a qualified commercial.

39 (B) “Qualified individual” shall not include either of the
40 following:

1 (i) Any individual related to the qualified taxpayer as described
2 in Section 51(i)(1) of the Internal Revenue Code.

3 (ii) Any 5 percent owner, as defined in Section 416(i)(1)(B) of
4 the Internal Revenue Code, of the qualified taxpayer.

5 (6) (A) “Qualified taxpayer” means a taxpayer that is principally
6 engaged in the production of a qualified commercial, has control
7 over the selection of production location, deployment, or
8 management of the production equipment, directly employs the
9 production crew as the person that has control over the hiring and
10 firing of the crew on the qualified commercial, and paid or incurred
11 at least five hundred thousand dollars (\$500,000) in qualified
12 expenditures within the studio zone during the taxable year. ~~All~~
13 ~~members of a commonly controlled group, as defined by~~
14 ~~subdivision (b) of Section 25105, shall be treated as a single~~
15 ~~qualified taxpayer for the purposes of computing qualified~~
16 ~~expenditures.~~

17 (B) In the case of a pass-thru entity, the determination of whether
18 a taxpayer is a qualified taxpayer under this section shall be made
19 at the entity level and any credit under this section shall not be
20 allowed to the pass-thru entity, but shall be passed through and
21 allowed to the partners or shareholders in accordance with Part 10
22 (commencing with Section 17001). For purposes of this paragraph,
23 “pass-thru entity” means any entity taxed as a partnership or “S”
24 corporation.

25 (7) (A) “Qualified wages” means all of the following:

26 (i) Any wages required to be reported under Section 13050 of
27 the Unemployment Insurance Code that were paid or incurred by
28 a qualified taxpayer involved in the production of a qualified
29 commercial with respect to a qualified individual for services
30 performed on the qualified commercial produced within the studio
31 zone.

32 (ii) Any payments made to a qualified taxpayer for services
33 performed in the studio zone by a qualified individual.

34 (iii) Remuneration paid to an independent contractor who is a
35 qualified individual for services performed within the studio zone
36 by that qualified individual.

37 (iv) The portion of any employee fringe benefits paid or incurred
38 by a qualified taxpayer involved in the production of the qualified
39 commercial that are properly allocable to qualified wage amounts
40 described in clauses (i), (ii), and (iii).

1 (B) “Qualified wages” shall not include expenses, including
2 wages, paid per person per qualified commercial for writers,
3 directors, music directors, music composers, music supervisors,
4 producers, and performers, other than background actors with no
5 scripted lines.

6 (8) “Studio zone” means the area within a circle of 30 miles in
7 radius from the intersection of Beverly Boulevard and La Cienega
8 Boulevard in Los Angeles, California.

9 (c) In the case where the credit allowed under this section
10 exceeds the “net tax,” ~~either of the following may~~ *shall* occur:

11 (1) ~~The Fifty percent of the excess credit may~~ *shall* be carried
12 over to reduce the “net tax” in the following taxable year, ~~and~~
13 ~~succeeding five taxable years, if necessary, until the credit has~~
14 ~~been exhausted year.~~

15 (2) ~~(A) For the taxable year, 50 percent of the excess credit~~
16 ~~shall be refunded to the qualified taxpayer, and 50 percent of the~~
17 ~~excess credit shall be carried over to reduce the “net tax” in the~~
18 ~~following taxable year.~~

19 ~~(B) For the following taxable year, if the credit remaining~~
20 ~~exceeds the “net tax” for that taxable year, the excess credit shall~~
21 ~~be refunded.~~

22 (2) *With regard to the remaining 50 percent of the excess credit,*
23 *the qualified taxpayer shall elect to do either of the following:*

24 (A) *Receive a refund of the excess credit amount.*

25 (B) *Carry over the excess credit to reduce the “net tax” in the*
26 *following taxable year, and succeeding six taxable years, if*
27 *necessary, until the credit has been exhausted.*

28 (3) There shall be continuously appropriated from the General
29 Fund to the Franchise Tax Board an amount equal to the refunds
30 allowed by this section for the purpose of making those refunds.

31 (d) A credit shall be allowed pursuant to this section only if the
32 qualified taxpayer provides the following to the California Film
33 Commission:

34 (1) The production schedule for each commercial produced in
35 a taxable year.

36 (2) Total qualified expenditures.

37 (3) Total qualified wages paid.

38 (4) Total nonqualified expenditures incurred in California.

39 (5) Agreed upon procedures as prescribed by the California
40 Film Commission and performed by a licensed certified public

1 accountant who performs attest services in California and who has
2 attended a certified public accountant orientation meeting
3 conducted by the California Film Commission.

4 (6) Number of cast and crew members hired for each
5 commercial.

6 (7) Number of days worked by each cast and crew member for
7 each commercial.

8 (8) Number of vendors used during the taxable year.

9 (9) Any other information as requested by the California Film
10 Commission.

11 (e) The California Film Commission may prescribe rules and
12 regulations to carry out the purposes of this section including any
13 rules and regulations necessary to establish procedures, processes,
14 requirements, and rules identified in, or required to, implement
15 this section.

16 (f) For purposes of this section, the California Film Commission
17 shall do the following:

18 (1) Establish a procedure for applicants to file with the
19 commission a written application due on or before April 1, 2014,
20 and each April 1 thereafter, on a form jointly prescribed by the
21 commission and the Franchise Tax Board for the allocation of the
22 tax credit.

23 (2) Subject to the annual cap established as provided in
24 subdivision (h), allocate and certify an ~~aggregate~~ amount of credits
25 to qualified taxpayers under this section and Section 23680.

26 (3) Establish a verification procedure for the amount of qualified
27 expenditures paid or incurred by the applicant.

28 (4) Establish audit requirements that ~~must~~ *shall* be satisfied
29 before a credit certificate may be issued by the California Film
30 Commission.

31 (5) *Provide the Legislative Analyst's Office, upon request, any*
32 *or all application materials or any other materials received from,*
33 *or submitted by, the applicants, in electronic format when*
34 *available, including, but not limited to, information provided*
35 *pursuant to subdivision (d).*

36 (6) *The information provided to the California Film Commission*
37 *pursuant to this section shall constitute confidential tax information*
38 *for purposes of Article 2 (commencing with Section 19542) of*
39 *Chapter 7 of Part 10.2.*

(g) (I) The California Film Commission shall provide the Legislative Analyst's Office and the Franchise Tax Board annually with a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission. The list shall include the names and taxpayer identification numbers, including taxpayer identification numbers of each partner or shareholder, as applicable, of the qualified taxpayers.

(2) (A) Notwithstanding subparagraph (B), the California Film Commission shall annually post on its Internet Web site and make available for public release the following:

(i) A table which includes all of the following information:

(I) A list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission.

(II) The total number of production days in California reported by the qualified taxpayers in its application.

(III) The number of California jobs directly created by the production as reported by the qualified taxpayer in its application.

(IV) The total amount of qualified expenditures that were spent on submitted productions.

(ii) A summary describing the qualified taxpayer's production and background information regarding the qualified taxpayer contained in the qualified taxpayer's application for the credit.

(B) This subdivision shall not be construed to make the information submitted by an applicant for a tax credit under this section a public record.

(h) (1) The aggregate amount of credits that may be allocated in any fiscal year pursuant to this section and Section 23680 shall be an amount equal to the sum of ~~all~~ both of the following:

(A) Thirteen million dollars (\$13,000,000) in credits for the 2012–13 fiscal year and each fiscal year thereafter.

(B) The unused allocation credit amount, if any, for the preceding fiscal year.

(2) If the amount of credits applied for in any particular fiscal year exceeds the aggregate amount of tax credits authorized to be allocated under this section and Section 23680, the aggregate amount of tax credits shall be allocated to each qualified taxpayer on a pro rata basis.

(3) If the amount of credits allocated in a fiscal year is less than the aggregate amount of tax credits authorized to be allocated under this section and Section 23680, the remaining amount shall be allocated to qualified taxpayers *outside of the studio zone and within the state pursuant to Section 17053.90 or 23681* on a pro rata basis, not to exceed 15 percent of the amount of the qualified expenditures credit base.

(i) The California Film Commission shall have the authority to allocate tax credits in accordance with this section and in accordance with any regulations prescribed pursuant to subdivision (e) upon adoption.

(j) *The credit allowed by this section shall be in lieu of any other deduction that the taxpayer may otherwise claim pursuant to this part with respect to qualified expenditures.*

SEC. 2. Section 17053.90 is added to the Revenue and Taxation Code, to read:

17053.90. (a) For taxable years beginning on or after January 1, 2013, there shall be allowed to a qualified taxpayer a credit against the “net tax,” as defined in Section 17039, an amount equal to 15 percent, except as otherwise provided, of the qualified expenditures credit base for the production of a qualified commercial outside of the studio zone and within the state.

(b) For purposes of this section:

(1) (A) “Employee fringe benefits” means the amount allowable as a deduction under this part to the qualified taxpayer involved in the production of the qualified commercial, exclusive of any amounts contributed by employees, for any year during the production period with respect to any of the following:

(i) Qualified taxpayer contributions under any pension, profit-sharing, annuity, or similar plan.

(ii) Qualified taxpayer-provided coverage under any accident or health plan for employees.

(iii) The qualified taxpayer’s cost of life or disability insurance provided to employees.

(B) Any amount treated as wages under clause (i) of subparagraph (A) of paragraph (7) shall not be taken into account under this paragraph.

(C) For the purposes of this paragraph, “employee” means a qualified individual.

(2) (A) “Qualified commercial” means a commercial or advertisement composed of moving images and sounds that is recorded on film, videotape, or other digital medium, created for display on a network, regional channel, cable, or interactive media, including, but not limited to, the Internet, mobile devices, in-game advertising, and experiential advertising where at least 75 percent of the total ~~qualified~~ expenditures occur wholly outside of the studio zone and within the state. For purposes of this paragraph, mobile devices include ~~cellphones~~, *cellular telephones*, smartphones, personal digital assistants, and other portable devices with a screen.

(B) “Qualified commercial” shall not include any program-length production with an advertising component in excess of five minutes, including an infomercial, news, or current affairs program, interview or talk program, network promotion (short-form content intended to promote other programming), feature film promotion (trailers and teasers), sporting event, game show, award ceremony, daytime drama, reality entertainment program, program intended primarily for industrial, corporate, or institutional end users, public service announcements, fundraising commercial or commercial promoting a political candidate or political issue, a program consisting of more than one-half of the screen time of stock footage, a program produced by an organization described in Section 527 of the Internal Revenue Code, or any production ~~that falls within to which~~ the recordkeeping requirements of Section 2257 of Title 18 of the United States Code *apply*.

(3) “Qualified expenditures” means the amount paid or incurred during the taxable year to purchase or lease tangible personal property outside of the studio zone and within the state in the production of a qualified commercial, and to pay for ~~services~~, ~~including qualified wages~~, *services* performed outside of the studio zone and within the state in the production of a qualified commercial.

(4) “Qualified expenditures credit base” means the amount over two hundred fifty thousand dollars (\$250,000) paid or incurred during the taxable year outside the studio zone in qualified expenditures.

1 (5) (A) “Qualified individual” means an individual who
2 performs services during the production period in an activity related
3 to the production of a qualified commercial.

4 (B) “Qualified individual” shall not include either of the
5 following:

6 (i) Any individual related to the qualified taxpayer as described
7 in Section 51(i)(1) of the Internal Revenue Code.

8 (ii) Any 5 percent owner, as defined in Section 416(i)(1)(B) of
9 the Internal Revenue Code, of the qualified taxpayer.

10 (6) (A) “Qualified taxpayer” means a taxpayer that is principally
11 engaged in the production of a qualified commercial, has control
12 over the selection of production location, deployment, or
13 management of the production equipment, directly employs the
14 production crew as the person that has control over the hiring and
15 firing of the crew on the qualified commercial, and paid or incurred
16 at least two hundred fifty thousand dollars (\$250,000) in qualified
17 expenditures outside of the studio zone and within the state during
18 the taxable year. ~~All members of a commonly controlled group,~~
19 ~~as defined by subdivision (b) of Section 25105, shall be treated as~~
20 ~~a single qualified taxpayer for the purposes of computing qualified~~
21 ~~expenditures.~~

22 (B) In the case of a pass-thru entity, the determination of whether
23 a taxpayer is a qualified taxpayer under this section shall be made
24 at the entity level and any credit under this section shall not be
25 allowed to the pass-thru entity, but shall be passed through and
26 allowed to the partners or shareholders in accordance with Part 10
27 (commencing with Section 17001). For purposes of this paragraph,
28 “pass-thru entity” means any entity taxed as a partnership or “S”
29 corporation.

30 (7) (A) “Qualified wages” means all of the following:

31 (i) Any wages required to be reported under Section 13050 of
32 the Unemployment Insurance Code that were paid or incurred by
33 a qualified taxpayer involved in the production of a qualified
34 commercial with respect to a qualified individual for services
35 performed on the qualified commercial produced outside of the
36 studio zone and within the state.

37 (ii) Any payments made to a qualified entity for services
38 performed outside of the studio zone and within the state by
39 qualified individuals.

1 (iii) Remuneration paid to an independent contractor who is a
2 qualified individual for services performed outside of the studio
3 zone and within the state by that qualified individual.

4 (iv) The portion of any employee fringe benefits paid or incurred
5 by a qualified taxpayer involved in the production of the qualified
6 commercial that are properly allocable to qualified wage amounts
7 described in clauses (i), (ii), and (iii).

8 (B) “Qualified wages” shall not include expenses, including
9 wages, paid per person per qualified commercial for writers,
10 directors, music directors, music composers, music supervisors,
11 producers, and performers, other than background actors with no
12 scripted lines.

13 (8) “Studio zone” means the area within a circle of 30 miles in
14 radius from the intersection of Beverly Boulevard and La Cienega
15 Boulevard in Los Angeles, California.

16 (c) In the case where the credit allowed under this section
17 exceeds the “net tax,” ~~either of the following may~~ shall occur:

18 (1) ~~The Fifty percent of the~~ excess credit may be carried over
19 to reduce the “net tax” in the following taxable year, ~~and~~
20 ~~succeeding five taxable years, if necessary, until the credit has~~
21 ~~been exhausted year.~~

22 (2) (A) ~~For the taxable year, 50 percent of the excess credit~~
23 ~~shall be refunded to the qualified taxpayer, and 50 percent of the~~
24 ~~excess credit shall be carried over to reduce the “net tax” in the~~
25 ~~following taxable year.~~

26 (B) ~~For the following taxable year, if the credit remaining~~
27 ~~exceeds the “net tax” for that taxable year, the excess credit shall~~
28 ~~be refunded.~~

29 (2) *With regard to the remaining 50 percent of the excess credit,*
30 *the qualified taxpayer shall elect to do either of the following:*

31 (A) *Receive a refund of the excess credit amount.*

32 (B) *Carry over the excess credit to reduce the “net tax” in the*
33 *following taxable year, and succeeding six taxable years, if*
34 *necessary, until the credit has been exhausted.*

35 (3) There shall be continuously appropriated from the General
36 Fund to the Franchise Tax Board an amount equal to the refunds
37 allowed by this section for the purpose of making those refunds.

38 (d) A credit shall be allowed pursuant to this section only if the
39 qualified taxpayer provides the following to the California Film
40 Commission:

- 1 (1) The production schedule for each commercial produced in
- 2 a taxable year.
- 3 (2) Total qualified expenditures.
- 4 (3) Total qualified wages paid.
- 5 (4) Total nonqualified expenditures incurred in California.
- 6 (5) Agreed upon procedures as prescribed by the California
- 7 Film Commission and performed by a licensed certified public
- 8 accountant to who performs attest services in California and who
- 9 has attended a certified public accountant orientation meeting
- 10 conducted by the California Film Commission.
- 11 (6) Number of cast and crew members hired for each
- 12 commercial.
- 13 (7) Number of days worked by each cast and crew member for
- 14 each commercial.
- 15 (8) Number of vendors used during the taxable year.
- 16 (9) Any other information as requested by the California Film
- 17 Commission.
- 18 (e) The California Film Commission may prescribe rules and
- 19 regulations to carry out the purposes of this section including any
- 20 rules and regulations necessary to establish procedures, processes,
- 21 requirements, and rules identified in or required to implement this
- 22 section.
- 23 (f) For purposes of this section, the California Film Commission
- 24 shall do the following:
- 25 (1) Establish a procedure for applicants to file with the
- 26 commission a written application due on or before April 1, 2014,
- 27 and each April 1 thereafter, on a form jointly prescribed by the
- 28 commission and the Franchise Tax Board for the allocation of the
- 29 tax credit.
- 30 (2) Subject to the annual cap established as provided in
- 31 subdivision (h), allocate and certify an ~~aggregate~~ amount of credits
- 32 to qualified taxpayers under this section and Section 23681.
- 33 (3) Establish a verification procedure for the amount of qualified
- 34 expenditures paid or incurred by the applicant.
- 35 (4) Establish audit requirements that ~~must~~ *shall* be satisfied
- 36 before a credit certificate may be issued by the California Film
- 37 Commission.
- 38 (5) *Provide the Legislative Analyst's Office, upon request, any*
- 39 *or all application materials or any other materials received from,*
- 40 *or submitted by, the applicants, in electronic format when*

1 available, including, but not limited to, information provided
2 pursuant to subdivision (d).

3 (6) The information provided to the California Film Commission
4 pursuant to this section shall constitute confidential tax information
5 for purposes of Article 2 (commencing with Section 19542) of
6 Chapter 7 of Part 10.2.

7 (g) (1) The California Film Commission shall provide the
8 Legislative Analyst's Office and the Franchise Tax Board annually
9 with a list of qualified taxpayers and the tax credit amounts
10 allocated to each qualified taxpayer by the California Film
11 Commission. The list shall include the names and taxpayer
12 identification numbers, including taxpayer identification numbers
13 of each partner or shareholder, as applicable, of the qualified
14 taxpayers.

15 (2) (A) Notwithstanding subparagraph (B), the California Film
16 Commission shall annually post on its Internet Web site and make
17 available for public release the following:

18 (i) A table which includes all of the following information:

19 (I) A list of qualified taxpayers and the tax credit amounts
20 allocated to each qualified taxpayer by the California Film
21 Commission.

22 (II) The total number of production days in California reported
23 by the qualified taxpayers in its application.

24 (III) The number of California jobs directly created by the
25 production as reported by the qualified taxpayer in its application.

26 (IV) The total amount of qualified expenditures that were spent
27 on submitted productions.

28 (ii) A summary describing the qualified taxpayer's production
29 and background information regarding the qualified taxpayer
30 contained in the qualified taxpayer's application for the credit.

31 (B) This subdivision shall not be construed to make the
32 information submitted by an applicant for a tax credit under this
33 section a public record.

34 (h) (1) The aggregate amount of credits that may be allocated
35 in any fiscal year pursuant to this section and Section 23681 shall
36 be an amount equal to the sum of all of the following:

37 (A) Two million dollars (\$2,000,000) in credits for the 2012–13
38 fiscal year and each fiscal year thereafter.

39 (B) The unused allocation credit amount, if any, for the
40 preceding fiscal year.

(2) If the amount of credits applied for in any particular fiscal year exceeds the aggregate amount of tax credits authorized to be allocated under this section and Section 23681, the aggregate amount of tax credits shall be allocated to each qualified taxpayer on a pro rata basis.

(3) If the amount of credits allocated in a fiscal year is less than the aggregate amount of tax credits authorized to be allocated under this section and Section 23681, the remaining amount shall be allocated to qualified taxpayers *within the studio zone pursuant to Section 17053.89 or 23680* on a pro rata basis, not to exceed 15 percent of the amount of the qualified expenditures credit base.

(i) The California Film Commission shall have the authority to allocate tax credits in accordance with this section and in accordance with any regulations prescribed pursuant to subdivision (e) upon adoption.

(j) *The credit allowed by this section shall be in lieu of any other deduction that the taxpayer may otherwise claim pursuant to this part with respect to qualified expenditures.*

SEC. 3. Section 23680 is added to the Revenue and Taxation Code, to read:

23680. (a) For taxable years beginning on or after January 1, 2013, there shall be allowed to a qualified taxpayer a credit against the “tax,” as defined in Section 23036, an amount equal to 15 percent, except as otherwise provided, of the qualified expenditures credit base for the production of a qualified commercial within the studio zone.

(b) For purposes of this section:

(1) (A) “Employee fringe benefits” means the amount allowable as a deduction under this part to the qualified taxpayer involved in the production of the qualified commercial, exclusive of any amounts contributed by employees, for any year during the production period with respect to any of the following:

(i) Qualified taxpayer contributions under any pension, profit-sharing, annuity, or similar plan.

(ii) Qualified taxpayer-provided coverage under any accident or health plan for employees.

(iii) The qualified taxpayer’s cost of life or disability insurance provided to employees.

1 (B) Any amount treated as wages under clause (i) of
2 subparagraph (A) of paragraph (7) shall not be taken into account
3 under this paragraph.

4 (C) For the purposes of this paragraph, “employee” means a
5 qualified individual.

6 (2) (A) “Qualified commercial” means a commercial or
7 advertisement composed of moving images and sounds that is
8 recorded on film, videotape, or other digital medium, created for
9 display on a network, regional channel, cable, or interactive media,
10 including, but not limited to, the Internet, mobile devices, in-game
11 advertising, and experiential advertising where at least 75 percent
12 of the total ~~qualified~~ expenditures occur wholly within the studio
13 zone. For purposes of this paragraph, mobile devices include
14 ~~cellphones~~, *cellular telephones*, smartphones, personal digital
15 assistants, and other portable devices with a screen.

16 (B) “Qualified commercial” shall not include any
17 program-length production with an advertising component in
18 excess of five minutes, including an infomercial, news, or current
19 affairs program, interview or talk program, network promotion
20 (short-form content intended to promote other programming),
21 feature film promotion (trailers and teasers), sporting event, game
22 show, award ceremony, daytime drama, reality entertainment
23 program, program intended primarily for industrial, corporate, or
24 institutional end users, public service announcements, fundraising
25 commercial or commercial promoting a political candidate or
26 political issue, a program consisting of more than one-half of the
27 screen time of stock footage, a program produced by an
28 organization described in Section 527 of the Internal Revenue
29 Code, or any production ~~that falls within to which~~ the
30 recordkeeping requirements of Section 2257 of Title 18 of the
31 United States Code *apply*.

32 (3) “Qualified expenditures” means the amount paid or incurred
33 during the taxable year to purchase or lease tangible personal
34 property within the studio zone in the production of a qualified
35 commercial, and to pay for ~~services, including qualified wages,~~
36 *services* performed within the studio zone in the production of a
37 qualified commercial.

38 (4) “Qualified expenditures credit base” means the amount over
39 five hundred thousand dollars (\$500,000) paid or incurred during
40 the taxable year within the studio zone in qualified expenditures.

1 (5) (A) “Qualified individual” means an individual who
2 performs services during the production period in an activity related
3 to the production of a qualified commercial.

4 (B) “Qualified individual” shall not include either of the
5 following:

6 (i) Any individual related to the qualified taxpayer as described
7 in Section 51(i)(1) of the Internal Revenue Code.

8 (ii) Any 5 percent owner, as defined in Section 416(i)(1)(B) of
9 the Internal Revenue Code, of the qualified taxpayer.

10 (6) (A) “Qualified taxpayer” means a taxpayer that is principally
11 engaged in the production of a qualified commercial, has control
12 over the selection of production location, deployment, or
13 management of the production equipment, directly employs the
14 production crew as the person that has control over the hiring and
15 firing of the crew on the qualified commercial, and paid or incurred
16 at least five hundred thousand dollars (\$500,000) in qualified
17 expenditures within the studio zone during the taxable year. All
18 members of a commonly controlled group, as defined by
19 subdivision (b) of Section 25105, shall be treated as a single
20 qualified taxpayer for the purposes of computing qualified
21 expenditures.

22 (B) (i) In the case of a pass-thru entity, the determination of
23 whether a taxpayer is a qualified taxpayer under this section shall
24 be made at the entity level and any credit under this section shall
25 not be allowed to the pass-thru entity, but shall be passed through
26 and allowed to the partners or shareholders in accordance with
27 Part 11 (commencing with Section 23001). For purposes of this
28 paragraph, “pass-thru entity” means any entity taxed as a
29 partnership or “S” corporation.

30 (ii) In the case of an “S” corporation, the credit allowed under
31 this section shall not be used by an “S” corporation as a credit
32 against a tax imposed under Chapter 4.5 (commencing with Section
33 23800) of Part 11 of Division 2.

34 (7) (A) “Qualified wages” means all of the following:

35 (i) Any wages required to be reported under Section 13050 of
36 the Unemployment Insurance Code that were paid or incurred by
37 a qualified taxpayer involved in the production of a qualified
38 commercial with respect to a qualified individual for services
39 performed on the qualified commercial produced within the studio
40 zone.

1 (ii) Any payments made to a qualified taxpayer for services
2 performed in the studio zone by a qualified individual.

3 (iii) Remuneration paid to an independent contractor who is a
4 qualified individual for services performed within the studio zone
5 by that qualified individual.

6 (iv) The portion of any employee fringe benefits paid or incurred
7 by a qualified taxpayer involved in the production of the qualified
8 commercial that are properly allocable to qualified wage amounts
9 described in clauses (i), (ii), and (iii).

10 (B) “Qualified wages” shall not include expenses, including
11 wages, paid per person per qualified commercial for writers,
12 directors, music directors, music composers, music supervisors,
13 producers, and performers, other than background actors with no
14 scripted lines.

15 (8) “Studio zone” means the area within a circle of 30 miles in
16 radius from the intersection of Beverly Boulevard and La Cienega
17 Boulevard in Los Angeles, California.

18 (c) In the case where the credit allowed under this section
19 exceeds the “tax,” ~~either of the following may~~ *shall* occur:

20 (1) ~~The Fifty percent of the excess credit may shall~~ be carried
21 over to reduce the “tax” in the following taxable year, ~~and~~
22 ~~succeeding five taxable years, if necessary, until the credit has~~
23 ~~been exhausted year.~~

24 (2) ~~(A) For the taxable year, 50 percent of the excess credit~~
25 ~~shall be refunded to the qualified taxpayer, and 50 percent of the~~
26 ~~excess credit shall be carried over to reduce the “tax” in the~~
27 ~~following taxable year.~~

28 ~~(B) For the following taxable year, if the credit remaining~~
29 ~~exceeds the “tax” for that taxable year, the excess credit shall be~~
30 ~~refunded.~~

31 (2) *With regard to the remaining 50 percent of the excess credit,*
32 *the qualified taxpayer shall elect to do either of the following:*

33 (A) *Receive a refund of the excess credit amount.*

34 (B) *Carry over the excess credit to reduce the “tax” in the*
35 *following taxable year, and succeeding six taxable years, if*
36 *necessary, until the credit has been exhausted.*

37 (3) There shall be continuously appropriated from the General
38 Fund to the Franchise Tax Board an amount equal to the refunds
39 allowed by this section for the purpose of making those refunds.

(d) A credit shall be allowed pursuant to this section only if the qualified taxpayer provides the following to the California Film Commission:

(1) The production schedule for each commercial produced in a taxable year.

(2) Total qualified expenditures.

(3) Total qualified wages paid.

(4) Total nonqualified expenditures incurred in California.

(5) Agreed upon procedures as prescribed by the California Film Commission and performed by a licensed certified public accountant ~~to perform~~ *who performs* attest services in California and who has attended a certified public accountant orientation meeting conducted by the California Film Commission.

(6) Number of cast and crew members hired for each commercial.

(7) Number of days worked by each cast and crew member for each commercial.

(8) Number of vendors used during the taxable year.

(9) Any other information as requested by the California Film Commission.

(e) The California Film Commission may prescribe rules and regulations to carry out the purposes of this section including any rules and regulations necessary to establish procedures, processes, requirements, and rules identified in or required to implement this section.

(f) For purposes of this section, the California Film Commission shall do the following:

(1) Establish a procedure for applicants to file with the commission a written application due on or before April 1, 2014, and each April 1 thereafter, on a form jointly prescribed by the commission and the Franchise Tax Board for the allocation of the tax credit.

(2) Subject to the annual cap established as provided in subdivision (h), allocate and certify an ~~aggregate~~ amount of credits to qualified taxpayers under this section and Section 17053.89.

(3) Establish a verification procedure for the amount of qualified expenditures paid or incurred by the applicant.

(4) Establish audit requirements that ~~must~~ *shall* be satisfied before a credit certificate may be issued by the California Film Commission.

1 (5) *Provide the Legislative Analyst's Office, upon request, any*
2 *or all application materials or any other materials received from,*
3 *or submitted by, the applications, in electronic format when*
4 *available, including, but not limited to, information provided*
5 *pursuant to subdivision (d).*

6 (6) *The information provided to the California Film Commission*
7 *pursuant to this section shall constitute confidential tax information*
8 *for purposes of Article 2 (commencing with Section 19542) of*
9 *Chapter 7 of Part 10.2.*

10 (g) (1) The California Film Commission shall provide the
11 *Legislative Analyst's Office and the Franchise Tax Board annually*
12 *with a list of qualified taxpayers and the tax credit amounts*
13 *allocated to each qualified taxpayer by the California Film*
14 *Commission. The list shall include the names and taxpayer*
15 *identification numbers, including taxpayer identification numbers*
16 *of each partner or shareholder, as applicable, of the qualified*
17 *taxpayers.*

18 (2) (A) *Notwithstanding subparagraph (B), the California Film*
19 *Commission shall annually post on its Internet Web site and make*
20 *available for public release the following:*

21 (i) *A table which includes all of the following information.*

22 (I) *A list of qualified taxpayers and the tax credit amounts*
23 *allocated to each qualified taxpayer by the California Film*
24 *Commission.*

25 (II) *The total number of production days in California reported*
26 *by the qualified taxpayers in its application.*

27 (III) *The number of California jobs directly created by the*
28 *production as reported by the qualified taxpayer in its application.*

29 (IV) *The total amount of qualified expenditures that were spent*
30 *on submitted productions.*

31 (ii) *A summary describing the qualified taxpayer's production*
32 *and background information regarding the qualified taxpayer*
33 *contained in the qualified taxpayer's application for the credit.*

34 (B) *This subdivision shall not be construed to make the*
35 *information submitted by an applicant for a tax credit under this*
36 *section a public record.*

37 (h) (1) The aggregate amount of credits that may be allocated
38 *in any fiscal year pursuant to this section and Section 17053.89*
39 *shall be an amount equal to the sum of all of the following:*

1 (A) ~~Two~~ *Thirteen* million dollars ~~(\$2,000,000)~~ *(\$13,000,000)*
2 in credits for the 2012–13 fiscal year and each fiscal year thereafter.

3 (B) The unused allocation credit amount, if any, for the
4 preceding fiscal year.

5 ~~(C) The amount of previously allocated credits not certified.~~

6 (2) If the amount of credits applied for in any particular fiscal
7 year exceeds the aggregate amount of tax credits authorized to be
8 allocated under this section and Section 17053.89, the aggregate
9 amount of tax credits shall be allocated to each qualified taxpayer
10 on a pro rata basis.

11 (3) If the amount of credits allocated in a fiscal year is less than
12 the aggregate amount of tax credits authorized to be allocated
13 under this section and Section 17053.89, the remaining amount
14 shall be allocated to qualified taxpayers *outside the studio zone*
15 *pursuant to Section 17053.90 or 23681* on a pro rata basis, not to
16 exceed 15 percent of the amount of the qualified expenditures
17 credit base.

18 (i) The California Film Commission shall have the authority to
19 allocate tax credits in accordance with this section and in
20 accordance with any regulations prescribed pursuant to subdivision
21 (e) upon adoption.

22 (j) *The credit allowed by this section shall be in lieu of any other*
23 *deduction that the taxpayer may otherwise claim pursuant to this*
24 *part with respect to qualified expenditures.*

25 SEC. 4. Section 23681 is added to the Revenue and Taxation
26 Code, to read:

27 23681. (a) For taxable years beginning on or after January 1,
28 2013, there shall be allowed to a qualified taxpayer a credit against
29 the “tax,” as defined in Section 23036, an amount equal to 15
30 percent, except as otherwise provided, of the qualified expenditures
31 credit base for the production of a qualified commercial outside
32 of the studio zone and within ~~this~~ *the* state.

33 (b) For purposes of this section:

34 (1) (A) “Employee fringe benefits” means the amount allowable
35 as a deduction under this part to the qualified taxpayer involved
36 in the production of the qualified commercial, exclusive of any
37 amounts contributed by employees, for any year during the
38 production period with respect to any of the following:

39 (i) Qualified taxpayer contributions under any pension,
40 profit-sharing, annuity, or similar plan.

1 (ii) Qualified taxpayer-provided coverage under any accident
2 or health plan for employees.

3 (iii) The qualified taxpayer's cost of life or disability insurance
4 provided to employees.

5 (B) Any amount treated as wages under clause (i) of
6 subparagraph (A) of paragraph (7) shall not be taken into account
7 under this paragraph.

8 (C) For the purposes of this paragraph, "employee" means a
9 qualified individual.

10 (2) (A) "Qualified commercial" means a commercial or
11 advertisement composed of moving images and sounds that is
12 recorded on film, videotape, or other digital medium, created for
13 display on a network, regional channel, cable, or interactive media,
14 including, but not limited to, the Internet, mobile devices, in-game
15 advertising, and experiential advertising where at least 75 percent
16 of the total-qualified expenditures occur wholly outside of the
17 studio zone and within the state. For purposes of this paragraph,
18 mobile devices include—~~cellphones~~, *cellular telephones*,
19 smartphones, personal digital assistants, and other portable devices
20 with a screen.

21 (B) "Qualified commercial" shall not include any
22 program-length production with an advertising component in
23 excess of five minutes, including an infomercial, news, or current
24 affairs program, interview or talk program, network promotion
25 (short-form content intended to promote other programming),
26 feature film promotion (trailers and teasers), sporting event, game
27 show, award ceremony, daytime drama, reality entertainment
28 program, program intended primarily for industrial, corporate, or
29 institutional end users, public service announcements, fundraising
30 commercial or commercial promoting a political candidate or
31 political issue, a program consisting of more than one-half of the
32 screen time of stock footage, a program produced by an
33 organization described in Section 527 of the Internal Revenue
34 Code, or any production—~~that falls within~~ *to which* the
35 recordkeeping requirements of Section 2257 of Title 18 of the
36 United States Code *apply*.

37 (3) "Qualified expenditures" means the amount paid or incurred
38 during the taxable year to purchase or lease tangible personal
39 property outside of the studio zone and within the state in the
40 production of a qualified commercial, and to pay for—~~services~~;

1 including ~~qualified wages~~, *services* performed outside of the studio
2 zone and within the state in the production of a qualified
3 commercial.

4 (4) “Qualified expenditures credit base” means the amount over
5 two hundred fifty thousand dollars (\$250,000) paid or incurred
6 during the taxable year outside of the studio zone in qualified
7 expenditures.

8 (5) (A) “Qualified individual” means an individual who
9 performs services during the production period in an activity related
10 to the production of a qualified commercial.

11 (B) “Qualified individual” shall not include either of the
12 following:

13 (i) Any individual related to the qualified taxpayer as described
14 in Section 51(i)(1) of the Internal Revenue Code.

15 (ii) Any 5 percent owner, as defined in Section 416(i)(1)(B) of
16 the Internal Revenue Code, of the qualified taxpayer.

17 (6) (A) “Qualified taxpayer” means a taxpayer that is principally
18 engaged in the production of a qualified commercial, has control
19 over the selection of production location, deployment, or
20 management of the production equipment, directly employs the
21 production crew as the person that has control over the hiring and
22 firing of the crew on the qualified commercial, and paid or incurred
23 at least two hundred fifty thousand dollars (\$250,000) in qualified
24 expenditures outside of the studio zone and within the state during
25 the taxable year. All members of a commonly controlled group,
26 as defined by subdivision (b) of Section 25105, shall be treated as
27 a single qualified taxpayer for the purposes of computing qualified
28 expenditures.

29 (B) (i) In the case of a pass-thru entity, the determination of
30 whether a taxpayer is a qualified taxpayer under this section shall
31 be made at the entity level and any credit under this section shall
32 not be allowed to the pass-thru entity, but shall be passed through
33 and allowed to the partners or shareholders in accordance with
34 Part 11 (commencing with Section 23001). For purposes of this
35 paragraph, “pass-thru entity” means any entity taxed as a
36 partnership or “S” corporation.

37 (ii) In the case of an “S” corporation, the credit allowed under
38 this section shall not be used by an “S” corporation as a credit
39 against a tax imposed under Chapter 4.5 (commencing with Section
40 23800) of Part 11 of Division 2.

1 (7) (A) “Qualified wages” means all of the following:

2 (i) Any wages required to be reported under Section 13050 of
3 the Unemployment Insurance Code that were paid or incurred by
4 a qualified taxpayer involved in the production of a qualified
5 commercial with respect to a qualified individual for services
6 performed on the qualified commercial produced outside of the
7 studio zone and within the state.

8 (ii) Any payments made to a qualified ~~entity~~ taxpayer for
9 services performed outside of the studio zone and within the state
10 by ~~qualified individuals~~ a qualified individual.

11 (iii) Remuneration paid to an independent contractor who is a
12 qualified individual for services performed outside of the studio
13 zone and within the state by that qualified individual.

14 (iv) The portion of any employee fringe benefits paid or incurred
15 by a qualified taxpayer involved in the production of the qualified
16 commercial that are properly allocable to qualified wage amounts
17 described in clauses (i), (ii), and (iii).

18 (B) “Qualified wages” shall not include expenses, including
19 wages, paid per person per qualified commercial for writers,
20 directors, music directors, music composers, music supervisors,
21 producers, and performers, other than background actors with no
22 scripted lines.

23 (8) “Studio zone” means the area within a circle of 30 miles in
24 radius from the intersection of Beverly Boulevard and La Cienega
25 Boulevard in Los Angeles, California.

26 (c) In the case where the credit allowed under this section
27 exceeds the “tax,” ~~either of the following may~~ shall occur:

28 (1) ~~The Fifty percent of the excess credit may~~ shall be carried
29 over to reduce the “tax” in the following taxable year, and
30 succeeding five taxable years, if necessary, until the credit has
31 been exhausted year.

32 (2) ~~(A) For the taxable year, 50 percent of the excess credit~~
33 ~~shall be refunded to the qualified taxpayer, and 50 percent of the~~
34 ~~excess credit shall be carried over to reduce the “tax” in the~~
35 ~~following taxable year.~~

36 ~~(B) For the following taxable year, if the credit remaining~~
37 ~~exceeds the “tax” for that taxable year, the excess credit shall be~~
38 ~~refunded.~~

39 (2) *With regard to the remaining 50 percent of the excess credit,*
40 *the qualified taxpayer shall elect to do either of the following:*

- 1 (A) *Receive a refund of the excess credit amount.*
- 2 (B) *Carry over the excess credit to reduce the “tax” in the*
3 *following taxable year; and succeeding six taxable years, if*
4 *necessary, until the credit has been exhausted.*
- 5 (3) There shall be continuously appropriated from the General
6 Fund to the Franchise Tax Board an amount equal to the refunds
7 allowed by this section for the purpose of making those refunds.
- 8 (d) A credit shall be allowed pursuant to this section only if the
9 qualified taxpayer provides the following to the California Film
10 Commission:
- 11 (1) The production schedule for each commercial produced in
12 a taxable year.
- 13 (2) Total qualified expenditures.
- 14 (3) Total qualified wages paid.
- 15 (4) Total nonqualified expenditures incurred in California.
- 16 (5) Agreed upon procedures as prescribed by the California
17 Film Commission and performed by a licensed certified public
18 accountant ~~to perform~~ *who performs* attest services in California
19 and who has attended a certified public accountant orientation
20 meeting conducted by the California Film Commission.
- 21 (6) Number of cast and crew members hired for each
22 commercial.
- 23 (7) Number of days worked by each cast and crew member for
24 each commercial.
- 25 (8) Number of vendors used during the taxable year.
- 26 (9) Any other information as requested by the California Film
27 Commission.
- 28 (e) The California Film Commission may prescribe rules and
29 regulations to carry out the purposes of this section including any
30 rules and regulations necessary to establish procedures, processes,
31 requirements, and rules identified in or required to implement this
32 section.
- 33 (f) For purposes of this section, the California Film Commission
34 shall do the following:
- 35 (1) Establish a procedure for applicants to file with the
36 commission a written application due on or before April 1, 2014,
37 and each April 1 thereafter, on a form jointly prescribed by the
38 commission and the Franchise Tax Board for the allocation of the
39 tax credit.

(2) Subject to the annual cap established as provided in subdivision (h), allocate and certify an aggregate amount of credits to qualified taxpayers under this section and Section 23686 17053.90.

(3) Establish a verification procedure for the amount of qualified expenditures paid or incurred by the applicant.

(4) Establish audit requirements that ~~must~~ *shall* be satisfied before a credit certificate may be issued by the California Film Commission.

(5) Provide the Legislative Analyst's Office, upon request, any or all application materials or any other materials received from, or submitted by, the applicants, in electronic format when available, including, but not limited to, information provided pursuant to subdivision (d).

(6) The information provided to the California Film Commission pursuant to this section shall constitute confidential tax information for purposes of Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2.

(g) (1) The California Film Commission shall provide the Legislative Analyst's Office and the Franchise Tax Board annually with a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission. The list shall include the names and taxpayer identification numbers, including taxpayer identification numbers of each partner or shareholder, as applicable, of the qualified taxpayers.

(2) (A) *Notwithstanding subparagraph (B), the California Film Commission shall annually post on its Internet Web site and make available for public release the following:*

(i) A table which includes all of the following information:

(I) A list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission.

(II) The total number of production days in California reported by the qualified taxpayers in its application.

(III) The number of California jobs directly created by the production as reported by the qualified taxpayer in its application.

(IV) The total amount of qualified expenditures that were spent on submitted productions.

1 (ii) *A summary describing the qualified taxpayer's production*
2 *and background information regarding the qualified taxpayer*
3 *contained in the qualified taxpayer's application for the credit.*

4 (B) *This subdivision shall not be construed to make the*
5 *information submitted by an applicant for a tax credit under this*
6 *section a public record.*

7 (h) (1) The aggregate amount of credits that may be allocated
8 in any fiscal year pursuant to this section and Section 17053.90
9 shall be an amount equal to the sum of all of the following:

10 (A) Two million dollars (\$2,000,000) in credits for the 2012–13
11 fiscal year and each fiscal year thereafter.

12 (B) The unused allocation credit amount, if any, for the
13 preceding fiscal year.

14 (2) If the amount of credits applied for in any particular fiscal
15 year exceeds the aggregate amount of tax credits authorized to be
16 allocated under this section and Section 17053.90, the aggregate
17 amount of tax credits shall be allocated to each qualified taxpayer
18 on a pro rata basis.

19 (3) If the amount of credits allocated in a fiscal year is less than
20 the aggregate amount of tax credits authorized to be allocated
21 under this section and Section 17053.90, the remaining amount
22 shall be allocated to qualified taxpayers *within the studio zone*
23 *pursuant to Section 17053.89 or 23680* on a pro rata basis, not to
24 exceed 15 percent of the amount of the qualified expenditures
25 credit base.

26 (i) The California Film Commission shall have the authority to
27 allocate tax credits in accordance with this section and in
28 accordance with any regulations prescribed pursuant to subdivision
29 (e) upon adoption.

30 (j) *The credit allowed by this section shall be in lieu of any other*
31 *deduction that the taxpayer may otherwise claim pursuant to this*
32 *part with respect to qualified expenditures.*

33 SEC. 5. The Legislature finds and declares that a special law
34 is necessary and that a general law cannot be made applicable
35 within the meaning of Section 16 of Article IV of the California
36 Constitution because of the unique need to support the commercial
37 industry in Los Angeles.

38 SEC. 6. *No reimbursement is required by this act pursuant to*
39 *Section 6 of Article XIII B of the California Constitution because*
40 *the only costs that may be incurred by a local agency or school*

1 *district will be incurred because this act creates a new crime or*
2 *infraction, eliminates a crime or infraction, or changes the penalty*
3 *for a crime or infraction, within the meaning of Section 17556 of*
4 *the Government Code, or changes the definition of a crime within*
5 *the meaning of Section 6 of Article XIII B of the California*
6 *Constitution.*

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